

# **BELMONT FINANCE COMMISSION**

Belmont City Hall  
One Twin Pines Lane, Belmont, CA



## **AGENDA** **Thursday, February 6, 2014**

### **7:00 P.M. REGULAR MEETING**

(City Council Chambers)

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **ORAL COMMUNICATION/PUBLIC COMMENTS**

*This agenda category is limited to 15 minutes to be allocated as determined by the Finance Commission Chair. If your subject is not on the agenda, the Commission Chair will recognize you at this time.*

4. **AGENDA AMENDMENTS (if any)**

5. **CONSENT CALENDAR**

*Consent Calendar items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Commission, staff or public request specific items to be removed for separate action.*

A. Minutes of Special Meeting of October 10, 2013

**ACTION: Adopt motion to approve the Consent Calendar.**

6. **ORAL REPORT REGARDING MID-YEAR BUDGET REVIEW (PRELIMINARY DETAILS)** – Deputy Director Lazzari

**ACTION:** Informational Item Only

7. **FY 2015 BUDGET CALENDAR** – Deputy Director Lazzari

**ACTION:** Receive Calendar

8. **STATUS REGARDING FY 2014 BUDGET SUB-COMMITTEE RECOMMENDATIONS** – Director Fil

**ACTION:** Informational Item Only

9. **ANNUAL FINANCE COMMISSION REORGANIZATION** – Chair Ashby  
**ACTION:** Take nominations and make appointments for Chair and Vice-Chair.
10. **REPORTS FROM CHAIR AND COMMISSIONERS**
- A. Updates from Special Projects/Sub-Committee Assignments
    - a. Other Projects Update
  - B. City Council Matters – Chair Ashby
    - a. Council Meeting Calendar
  - C. Other
    - a. Next Meeting – April 3<sup>rd</sup>
11. **PUBLIC COMMENTS AND ANNOUNCEMENTS (if any)**  
For comments longer than 3 minutes or comments that could not be covered in the initial comment period.
12. **MATTERS OF COMMISSION INTEREST/CLARIFICATION**  
Items in this category are for discussion and direction to staff only. No final policy action will be taken by the Commission.
13. **ADJOURNMENT**  
**ACTION:** Adopt motion adjourning meeting.



If you need assistance to participate in this meeting, please contact the City Clerk at 650/595-7413. The speech and hearing-impaired may call 650/637-2999 for TDD services. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Meeting information can also be accessed via the internet at: [www.belmont.gov](http://www.belmont.gov). Any writings or documents provided to a majority of the Commission regarding any item on this agenda will be made available for public inspection in the City Clerk's Office, One Twin Pines Lane, Suite 375, during normal business hours and at the Council Chambers at City Hall, during the meeting.

**CITY OF BELMONT**  
**FINANCE COMMISSION MINUTES**  
**Special Meeting – October 10, 2013**

Commissioners Present: Ashby, Callagy, McCune, Montgomery

Commissioners Absent: Patel, Sharma

Staff Present: Finance Director Fil, Deputy Finance Director Lazzari,  
Management Analyst Voelker, and Treasurer Violet

Others Present: Perry Kennan, member of the public;  
Kristen Mercer, Planning Commissioner

Chair Ashby called the meeting to order at 7:02 p.m.

Chair Ashby called for public comments, and Mr. Kennan addressed the Commission. He commented that he doesn't believe the City to be in as good of financial shape as Council candidates believe it is. He went on to add that the City must address the deteriorating condition of its roads, and that staff should be receiving more direction from Council and the Commission on this issue.

The Commission moved on to the Consent Calendar. Mr. Kennan addressed the Commission again, noting that the previous Commission meeting minutes were not posted on the City's website as of today, and that he felt that was problematic. Moved by Commissioner Montgomery, seconded by Commissioner Callagy, the consent calendar, consisting of the May 30<sup>th</sup> Special Meeting minutes, was unanimously approved.

Deputy Director Lazzari provided an update on the year-end close financial reports, noting that the City has completed its FY 2013 audit. She pointed out that the General Fund ended ahead of estimates at \$6.2 million, \$5.7 million of which is available for expenditure. She gave a concise review, stating that revenues exceeded expectation, and enterprise funds are on track with major increases due to rate increases.

Discussion ensued regarding the City's solid waste fund in response to a question by Commissioner Callagy. Director Fil noted that rates are in good shape, and that the City keeps a portion of the rate as reserves.

Commissioner Montgomery asked whether the City has a process for re-investing part of the positive fund balance towards priorities that the City has been deferring. Director Fil stated that the City considers long-term costs over time; therefore, the fund balance is needed to address inter-period

shortcomings, and the City is not currently in a position to reinvest at this time. Discussion ensued as Commissioner Montgomery strongly recommended the staff to consider taking a portion of the City's fund balance gain and reinvesting it into the community so that citizens can experience a short-term benefit to the City's positive financial position. Director Fil restated that, despite a fund balance growth, the City does not have a lot of room to spend, given a Finance Commission budget recommendation and Council directive to increase the City's General Fund reserves by \$.5M this fiscal year.

In response to a question by Commissioner Callagy on unfunded liabilities, Director Fil stated that the City does have significant deferred maintenance on capital projects, but that the Commission acted to recommend attention to this area, so there is a plan to address these issues in the near future. He noted a few other soft obligations for which no disclosure was required in the financial statements, such as CalPERS, and an outstanding litigation with the Department of Finance regarding their unlawful clawback of \$1.3 from the City via the Successor Agency.

Director Fil stated that the Audit Committee will be receiving the audit results, including the Comprehensive Annual Financial Report (CAFR) and related financial reports, at their meeting on October 15<sup>th</sup>. The annual report from the Audit Committee will be presented to Council at their October 22<sup>nd</sup> meeting.

Mr. Kennan addressed the Commission with a public comment, inquiring as to how they can discuss the financial statements if they don't have them in front of them, pointing out that they could ask better questions if they had the actual financial statements. He referenced the City Council's procedure of asking specific questions ahead of time so that they can obtain specific answers from staff, and stated that this is no way to run a Finance Commission.

Treasurer Violet pointed out that the CAFR is officially being presented to the Audit Committee at their next meeting, and that it is the Audit Committee who is charged with the responsibility to take full review of the City's financial statements. He went on to add that the status update given by Deputy Director Lazzari and Director Fil at tonight's meeting was simply a high-level informational update in preparation for what will be presented to the Audit Committee by the City's independent auditor.

In response to Commissioner Callagy's question, Treasurer Violet stated that the Audit Committee is comprised of himself (as Chair), Council Member Braunstein and Vice Mayor Lieberman.

Director Fil then moved on to the next informational item, reporting that staff has been extremely busy working with the City's litigation against the Department of Finance (DOF) regarding the \$1.3 million they are demanding from the City following the wind-down of the Belmont Redevelopment Agency. Director Fil shared that the State's auditors performed their own review and obtained their own results using unheard of and very egregious auditing standards. He continued on, informing the Commission that the City has filed a writ in Sacramento Superior Court in response to this claw back

attempt. The State Controller's Office also performed an audit of the City and issued their preliminary notes, which differ greatly than that of the DOF's.

Director Fil fielded questions from the Commission, stating that outside counsel has been engaged, and that the City Attorney is heading this effort. He added that the DOF's demand for the \$1.3 million is definitely a risk on the General Fund balance, and that, legislation is there for the State to enact an intercept program for collection of the \$1.3 million. Discussion ensued.

Chair Ashby moved on to the next agenda item, stating staff provided a status update attachment on the Budget Team's recommendations, which was greatly appreciated. Discussion ensued regarding a few of the recommendations and their status.

Chair Ashby moved on to the next item and called for Commissioners to give a brief update on their individual special assignments. Chair Ashby noted that he was asked by Finance Director Fil to serve on the Successor Agency's Oversight Board. He shared that the Board is in discussions on the issue of future refinancing options for bonds. Discussion ensued regarding Low and Moderate Income (LMI) assets which used to belong to the Redevelopment Agency, but have since been transferred to the City to manage.

Commissioner McCune gave an update on his special project (Capital Financing). He stated that the City has adequate funds for minor repairs, but is exploring the use of a public poll to test the public's willingness to fund more significant repairs. Further action is on hold until the first of the year, when the City will issue a Request for Qualifications for a pollster to conduct the survey. Director Fil stated that he is hopeful staff will have results in time for FY 2015 budget implementation.

Staff reminded the Commission that, due to conflicting schedules, the December meeting scheduled for December 5<sup>th</sup> has been rescheduled to December 12<sup>th</sup>.

Mr. Kennan made one more public comment, noting that he was surprised that the next meeting of the Commission isn't until December. He shared his opinion that the Commission needs to be challenged with more stimulating assignments and that the City's mandate of the Commission is unclear. Lastly, he mentioned that he has tried to reach out to this Commission several times to have a dialogue about some of the issues he has raised at the last few meetings, but has not heard back from anyone. He gave his phone number to the Commission if anyone would like to contact him to talk further.

On a motion by Commissioner Montgomery, seconded by Commissioner McCune, the meeting was unanimously adjourned at 7:55 p.m.

Sincerely,  
Thomas Fil  
Finance Director